

Message Text

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42

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 L-03 H-02 CIAE-00 INR-07

NSAE-00 DODE-00 PM-04 NSC-05 SP-02 SS-15 MC-02 OMB-01

TRSE-00 AID-05 OPIC-03 XMB-02 /069 W

----- 004822

R 260956Z SEP 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2195

INFO AMEMBASSY BEIRUT

AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 8986

E.O. 11652: N/A

TAGS: BEXP, MASS, PK

SUBJ: CESSNA/HUGHES MANUFACTURING PROPOSAL

REF: (A) ISLAMABAD 8760

(B) STATE 228131

1. EMBOFFS (ODRP AND E/C SECTION) SURPRISED AND SOMEWHAT PUZZLED BY DEVELOPMENTS. TO TRY CLARIFY SITUATION ODRP OFFICER CALLED ON IRSHAD KHAN SEPT. 25 AND RECEIVED FOLLOWING EXPLANATION.

2. IRSHAD CONFIRMED THAT A CONTRACT HAS BEEN SIGNED BETWEEN ZAMINOS AND GOP DEFENSE PRODUCTION BOARD, AND THAT JUST BEFORE THE DEPARTURE OF CESSNA REP HE ALSO INITIALED SOME AGREEMENT (WHETHER SEPARATE OR NOT IS UNCLEAR) ON AD REFERENDUM BASIS. IRSHAD CONFIRMED AS WELL THAT EQUITY SHARE DIVISION IN PROPOSED KAYUSKI LTD. WOULD BE 50 PERCENT ZAMINOS AND 50 PERCENT GOP, WITHOUT ANY CESSNA OR HUGHES PARTICIPATION. SOURCE OF ZAMINOS FINANCING NOT DISCLOSED. WE WERE UNABLE TO ASCERTAIN IF HUGHES ALSO INITIALED ANYTHING.

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3. IRSHAD WENT ON TO SAY THAT HE HAD FIRM ORDERS FROM KUWAIT FOR 25 T-41 D TRAINERS AS RESULT OF THIS AGREEMENT. THESE WOULD BE ASSEMBLED IN PROPOSED NEW PAKISTANI PLANT.

4. COMMENT: ON SEPT. 19 CESSNA REP TOLD EMBOFF THAT WHILE HIS FIRM WOULD NOT PARTICIPATE IN ANY EQUITY SHARE ARRANGEMENT, IT STOOD READY ENTER INTO AN EXPORT SALES ARRANGEMENT FOR THIS AIRCRAFT. FROM THIS EMBASSY SURMISES THAT AGREEMENT SIGNED BY CESSNA REP MAY SIMPLY BE A SALES CONTRACT FOR CESSNA COMPONENTS TO BE ASSEMBLED HERE. EMBASSY NEVERTHELESS STILL HAS ITS RESERVATIONS ABOUT ULTIMATE OUTCOME OF THIS WHOLE DEAL. WE DOUBT THAT FINANCING OF ZAMINOS EQUITY SHARE HAS BEEN FINALIZED AND WE ALSO WONDER IF GOP DEFENSE PRODUCTION BOARD HAS NOT INSERTED SOME CAVEATS IN THE CONTRACT CONDITIONAL TO ITS PUTTING UP ITS EQUITY SHARE.
BYROADE

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Message Attributes

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Margaret P. Grafeld
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06 JUL 2006

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